

Message Text

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PAGE 01 QUITO 02607 072247Z

20

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /056 W

----- 100731

R 072217Z APR 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9706

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2607

E.O. 11652: GDS

TAGS: BEXP ELAB EC

SUBJ: WESTINGHOUSE/CEBOR CONTINUING DISCUSSIONS FOR POSSIBLE
CONTINUED ROLE IN PITA-TAMBO PROJECT

REFS:(A) QUITO 2445, (B) QUITO 2603

1. AS REPORTED IN REF B, THE GOE MINISTRY OF GOVERNMENT
FINALLY TOOK FIRM ACTION AGAINST THE DISSIDENTS WHO HAD SIEZED
THE PITA-TAMBO SITE AND BY APRIL 6 THE SITE WAS CLEARED
(ALTHOUGH, AS ALSO REPORTED IN REF B, WE HAVE REPORTS THAT
THERE WAS SOME VIOLENCE DURING THE CLEARING PROCESS AND THAT
ONE WORKER WAS EITHER KILLED OR SERIOUSLY INJURED, WHICH MIGHT
PROMPT FURTHER ACTIONS BY LABOR GROUPS REPVENTING THE RESTORA-
TION OF RELIABLE TRANQUILITY AT THE SITE).

2. ON APRIL 2 THE AMBASSADOR DURING A FAREWELL CALL ON MAYOR
SIXTO DURAN, ACCOMPANIED BY THE DCM, FOUND THE WESTINGHOUSE-
CEBOR REPRESENTATIVES LEAVING THE MAYOR'S OFFICE. UNDER THE
CIRCUMSTANCES THEY HAD NO OPPORTUNITY TO CHAT WITH THE
COMPANIES' REPRESENTATVIES, BUT DURING THE CALL ON THE MAYOR
HE REPORTED THAT THE COMPANIES WERE PROPOSING A COMPLETELY
NEW ARRANGEMENT IN WHICH THEY WOULD RESUME WORKING ON THE
PROJECT UNDER A SERVICE-CONTRACT ARRANGEMENT PERMITTING THEM
TO STAY ON AS MANAGERS AND CONSULTANTS WITHOUT DIRECT
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PAGE 02 QUITO 02607 072247Z

EMPLOYEES. THE MAYOR SAID HE HAD PUT FORTH A COUNTER-

PROPOSAL WHICH WENT PART WAY TOWARD MEETING THE COMAPNIES' REQUIREMENTS. HE ASKED THAT THE EMBASSY SEEK TO PERSUADE THE COMPANIES TO GIVE POSITIVE CONSIDERATION TO THIS COUNTER-PROPOSAL.

3. ON APRIL 6 (THE DEADLINE PUT FORTH IN THE COMPANIES' MARCH 30 LETTER TO THE MAYOR FOR ENTERING INTO "NEGOTIATIONS... TO ESTABLISH WHETHER A MUTUALLY ACCEPTABLE BASIS CAN BE FOUND FOR CONTINUED INVOLVEMENT OF THE COMPANY IN THE PITA-TAMBO... PLANT"), THE EMBASSY'S ECONOMIC/COMMERICAL COUNSELOR SPOKE WITH COMPANY EXECUTIVE A.M. LAMMON IN ORDER TO RECEIVE AN UPDATED STATUS REPORT. LAMMON SAID THAT A REPRESENTATIVE OF THE MAYOR HAD VISITED HIM THAT MORNING AND HAD PUT FORTH A PROPOSAL UNDER WHICH (A) THE COMAPNIES WOULD IMMEDIATELY PROCEED TO RESUME WORK AT THE CLEARED SITE, AND THEN (B) THE COMPANIES AND THE MUNICIPALITY WOULD WORK OUT A MUTUALLY ACCEPTABLE SERVICE-CONTRACT ARRANGEMENT. LAMMON SAID HIS RESPONSE WAS THAT THE STEPS SHOULD BE CARRIED OUT IN THE REVERSE ORDER--(A) WORK OUT A MUTUALLY ACCEPTABLE SERVICE-CONTRACT ARRANGEMENT, AND THEN, AND ONLY THEN (B) RESUME WORK AT THE SITE.

4. LAMMON AND HIS WESTINGHOUSE/CEBOR COLLEAGUES HAVE BEEN SUMMONED TO A MEETING WITH THE MAYOR AT 9:00 A.M. ON APRIL 7. (MEETING LATER POSTPONED TO AFTERNOON SAME DAY) HE PROMISED TO KEEP THE E/C COUNSELOR INFORMED OF WHATEVER HAPPENS THERE AND SUBSEQUENTLY.

5. MEANWHILE, THE ECUADOREAN PRESS HAS BEEN GIVING CONSIDERABLE COVERAGE TO THE LABOR DIFFICULTIES AT THE PITA-TAMBO SITE, IN ARTICLES ON THE DISPUTE THERE IN PARTICULAR, AND IN OTHER ARTICLES COVERING THIS DISPUTE AS ONE OF SEVERAL MAJOR LABOR AGITATIONS CURRENTLY IN PROGRESS. THE GENERAL TENOR OF THE NEWS ARTICLES AND EDITORIALS HAS BEEN PUBLISHED IN LEADING DAILIES IN RECENT DAYS DESCRIBING THE PITA-TAMBO PROJECT PER SE (WITH LITTLE OR NO REFERENCE TO THE LABOR DIFFICULTIES THERE), STRESSING THE VITAL IMPORTANCE OF THE WORKS FOR THE WATER-SUPPLY NEEDS OF QUITO, AND STRESSING ALSO THAT ONLY ABOUT 20 PERCENT OF THE WORKS REMAIN TO BE DONE BEFORE THE PLANT COULD GO INTO OPERATION.

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PAGE 03 QUITO 02607 072247Z

BREWSTER

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